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CITY OF TORONTO

J. RABINOWITZ, C.A.
CITY AUDITOR

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THE PARKING AUTHORITY OF TORONTO

Report on the audit
of the books and accounts
for the year ended December 31, 1983

CITY OF TORONTO

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CITY AUDITOR

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March 6, 1984

Mayor Arthur C. Eggleton,
and Members of the City of Toronto Executive Committee,
City Hall.

I have examined the books and accounts of The Parking Authority of Toronto for the year ended December 31, 1983 and herewith present my report together with the following statements and schedules:

Table 1. Balance Sheet as at December 31, 1983.

Table 2. Revenue and Expenditure Statement for the year ended December 31, 1983.

Table 3. Comparative Summary of Expenses for the years 1981, 1982 and 1983.

Table 4. The Village Arcade Shopping Mall Statement of Revenue and Expenditure for the year ended December 31, 1983.

Table 5. Combined Statement showing the results of the 1983 operations of the -

Parking Authority and

City of Toronto Parking Reserves.

My comments on the foregoing financial statements are as follows:

COMMENTS ON THE BALANCE SHEET:

Fixed Assets - $47,609,782:

A summary of the source of financing the fixed assets is as follows:

Debenture funds, etc.	$12,529,096
Parking Authority surplus funds	22,266,591
Sinking fund surpluses	629,442
Parking meter reserve fund	621,430
Off-street parking reserve fund	3,808,784
Proceeds from disposition of assets	1,170,939
Contributed capital funds under development agreement	6,583,500
	$47,609,782

The fixed assets acquired out of the abovementioned funds consist of:

Land	$11,180,355
Parking garages	18,924,309
Surface carparks	2,346,174
Furniture, fixtures and equipment	1,289,254
Projects under construction	13,790,716
Deferred capital expenditures re debenture discount and sales expense	78,974
	$47,609,782

The Parking Authority does not hold title to the lands or the improvements thereon. They are included on the balance sheet by reason of having been designated by the City for use of the Authority.

Proceeds from Sale of Property Held by City - $35,998:

Proceeds from an exchange of lands involving certain subway carparks, in the amount of $35,998, are held by the City and are reserved to meet future charges on debentures issued for the establishment of the carparks concerned. The debentures will become fully matured in 1984 and will require a final payment of $1,319 to be provided from this reserve with respect to the debenture debt that was issued for the development of these particular carparks.

Employees' Sick Credit Reserve - $568,788:

A reserve has been established over the years to provide for benefits which may become due to employees on termination of employment under the terms of an Accumulative Sick Leave Benefit Plan. The balance in the reserve is sufficient to meet the liability for benefits accrued to the end of 1983.

Sinking Fund Surpluses Reserve - $1,677,816:

This reserve of accumulated excess sinking fund earnings, consists of a balance of $1,387,407 from 1982 and which was increased in 1983 by $455,409 as a result of further surplus earnings declared by the Municipality of Metropolitan Toronto with reference to sinking fund debentures issued for parking purposes. An amount of $165,000 was expended from this reserve in 1983 in connection with a land acquisition for carpark No. 138 (Spadina Road and Thelma Ave.).

Of the balance in this reserve $38,571 has been authorized to provide partial capital funding for "south west periphery land acquisitions," leaving a balance of $1,639,245 available to meet debt charges or, alternatively, for use in financing other capital projects as approved by the O.M.B.

Current Surplus - $18,581,358:

Changes in this account in 1983 are detailed on Table 5 under the heading of "Parking Authority Operations" and include $4,903,767 being the current year's operating surplus after recording a charge of $2,253,349 for the use of certain City-owned properties by the Authority in 1983. Compared with the estimated surplus included in the City's 1983 operating budget, the surplus from 1983 operations shows an excess of $921,499 which resulted primarily from increased net revenues derived from parking operations.

The accumulated operating surplus of $18,581,358 is available to the Parking Authority for the development of other parking facilities. Unexpended authorizations for such capital projects to be financed from Parking Authority revenues, including projects approved in the City's 1984 capital budget, amount to some $31,300,000, of which, a large part will require funding from future operating surpluses of the Authority.

Revenue and Expenditure Statement - Table 2:

Revenue includes interest in the amount of $2,162,966, which was earned through the investment of surplus funds in short-term deposits, etc., during 1983.

Operations have been charged with business and realty taxes and rental charges for the use of certain properties originally purchased by the City and which are now occupied by the Authority.

The formula approved by City Council in 1976, under which the annual rental payments are determined is as follows:

1. That an annual payment equivalent to full market rental values be charged to The Parking Authority of Toronto, effective January 1, 1975.

2. That the rent schedule be reviewed every three years and adjusted accordingly.

3. That if 50 per cent of the net operating surplus in any given year is less than the total of market rent for that year, then the lesser amount shall be paid as rent provided it is not less than $750,000.

As a result of the triennial rent review approved by City Council in 1981, an accrual of $2,253,349 has been recorded in the 1983 accounts, being the revised full market value of the properties concerned under this arrangement and which is due to the City for the use of these properties during the current year.

A valuation of supplementary benefits at December 31, 1982, which are provided under an agreement with the Ontario Municipal Employees' Retirement System, showed a surplus of $399,801. As a result of this excess funding, the annual payment of $44,380 previously required under the agreement for the remaining years 1983 to 1992 is no longer required. The Authority has elected to have the surplus funds of $399,801 retained by O.M.E.R.S. and that they be utilized to purchase additional benefits for employees involved in this plan.

The Parking Authority has entered into certain leasing arrangements for the use of lands and equipment in its operations. Future commitments over the next nine years under such agreements, for basic rental charges, total some $469,000.

Village Arcade Shopping Mall:

The 1983 revenues and expenditures relating to the operations of the Village Arcade Shopping Mall, located in the Cumberland Street parking garage complex, are reported separately on Table 4.

Under the provisions of the City of Toronto Act 1972, the net revenue from the mall operation is payable to the City and is to be held by the City in a reserve fund and applied in the following manner:

- first, for the payment of debt charges relating to debentures issued in financing the capital cost of the Cumberland Street parking garage complex,
- secondly, for the cost of acquiring additional parking facilities,
- thirdly, for such other purposes as approved by the Ministry of Treasury, Economics and Intergovernmental Affairs (now Ministry of Municipal Affairs and Housing).

The mall operations showed an operating surplus of $37,933 for 1983 which is payable to the City of Toronto and is to be credited to the reserve fund established by the City in accordance with the above legislation. The accumulated reserve fund, as recorded in the City's accounts at the end of 1983, is $218,928.

There is no outstanding debenture debt for the Cumberland Street parking garage complex and the balance held in the reserve fund is therefore available for the other purposes as described in the aforementioned legislation.

COMBINED OPERATIONS:

To this point, the report has dealt entirely with the operations of the Authority, including such assets which the Authority has acquired from funds provided out of the Parking Meter and other Parking Reserve Funds. The receipts and payments of these other reserve funds, which are recorded in the City's accounts, are not included in the Authority's statements of revenue and expenditure exhibited as Tables 2 and 3 herein. A summary of the revenue and expenditure involved in the municipal operation of both off-street and curb-side (metered and overnight) street parking in Toronto is given on Table 5. Revenue collected by the City from boulevard parking, which in 1983 amounted to $230,593 has been taken in as general revenue of the City and is not included in the City's parking reserve funds as set out on Table 5.

The City of Toronto, under the provisions of Section 2 (3) of the City of Toronto Act 1962-63 has received moneys from the owners of buildings exempted, under agreement, from the necessity of providing parking facilities at their properties. Briefly, under statute such moneys are to be held in a reserve fund and may be applied towards:

- the debenture debt charges relating to moneys raised to finance the cost of parking facilities.

- the cost of additional parking facilities.

- thirdly, such other purposes as may be approved by council.

At December 31, 1983, the balance unspent on account of amounts received from developers, and interest earnings therefrom, was $6,154,318 - see Table 5. Unexpended allocations of $4,989,000 for future capital expenditures have been authorized against this reserve. As at December 31, 1983, there were no outstanding amounts with reference to agreements concluded with developers.

GENERAL MATTERS:

The Metropolitan Toronto Act, R.S.O. 1980, provides ".....The Metropolitan Corporation and The Corporation of the City of Toronto may enter into an agreement to provide for the operation by The Parking Authority of Toronto of any or all of the parking lots of the Metropolitan Corporation ....." Agreements, dated June 29, 1971, between Metro, the City, the Parking Authority and the T.T.C. provide for the renting and operation by the Authority of parking areas at the east and west ends of the Bloor-Danforth Subway. The operations of these carparks, located beyond the boundaries of the City of Toronto, were discontinued in 1983 upon the expiration of the leases concerned.

CONCLUSION:

I have examined the Balance Sheet of The Parking Authority of Toronto as at December 31, 1983 and the Statement of Revenue and Expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. Rabinowitz

J. Rabinowitz, C.A.,
City Auditor.

Table 1

THE PARKING AUTHORITY OF TORONTO

Balance Sheet as at December 31, 1983
(with Comparative Figures as at December 31, 1982)

A S S E T S

		1983	1982
Current Assets:			
Cash in bank and on hand including term deposits	$23,966,781		
Accrued interest on deposits	243,078	$24,209,859	$23,932,791
Accounts receivable			
City of Toronto	$ 672,333		
Other	89,973	762,306	646,819
Prepaid expense		62,738	73,411
Inventories, at cost		77,602	75,606
		$25,112,505	$24,728,627
Fixed Assets:			
Car Parks - lands and improvements completed projects	$32,529,812		
Projects under construction	13,790,716		
Furniture, fixtures and equipment	1,289,254	47,609,782	43,735,708
Proceeds from sale of debentures held by the City		257,680	257,680
Proceeds from sale of property held by the City to meet debt charges		35,998	43,445
		$73,015,965	$68,765,460

Note: 1982 comparative figures are restated to show investments in short term deposits at cost plus accrued interest.

Table 1

THE PARKING AUTHORITY OF TORONTO

Balance Sheet as at December 31, 1983
(with Comparative Figures as at December 31, 1982)

L I A B I L I T I E S

			1983	1982
Current Liabilities:				
Accounts payable				
City of Toronto - rent	$2,253,349			
- other	868,783	$ 3,122,132		
Other		1,140,470		
		$ 4,262,602		
Deferred revenue		11,941		
Parking stamps sold but not redeemed		10,000	$ 4,284,543	$ 3,867,481
Reserves:				
Employees' sick credits		$ 568,788		
Sinking fund surpluses		1,677,816	2,246,604	1,872,582
Current Surplus:				
Balance, December 31, 1982		$18,988,564		
Provision for capital expenditures		(5,310,973)		
Net revenue for the year 1983		4,903,767	18,581,358	18,988,564
			$25,112,505	$24,728,627
Capital Liabilities:				
City of Toronto - funds advanced pending the issue of debentures			1,426	198,270
Debenture Debt:				
Issued		$14,836,807		
Less:-Redeemed to December 31, 1983		(11,585,037)		
-Sinking fund investment as at December 31, 1983		(2,259,366)	992,404	1,345,637
Capital Surplus:			46,909,630	42,492,926
			$73,015,965	$68,765,460

THE PARKING AUTHORITY OF TORONTO

Statement of Revenue and Expenditure
for the year ended December 31, 1983
(with Comparative Figures for the year 1982)
(See Note 1)

		1983	1982
Parking revenue		$18,348,285	$16,518,351
Parking area expenses, as per Table 3 (See Note 2)		14,234,264	13,264,071
		$ 4,114,021	$ 3,254,280
Interest earned		2,162,966	3,007,580
Other revenue		176,790	66,840
		$ 6,453,777	$ 6,328,700
Administration expenses			
Salaries and wages		$ 779,880	$ 742,360
Employee benefit plans		163,009	185,649
Utilities, heat and taxes		115,622	101,933
Maintenance		15,775	13,467
Postage, stationery, and office supplies		25,045	24,697
Drafting supplies, etc.		874	1,475
General expense (incl. special surveys)		228,888	215,448
Travelling and conference expenses		27,014	25,257
Honoraria		21,127	20,097
Legal		12,399	6,336
Advertising		27,058	5,633
Lease of equipment		80,549	52,498
Furniture and equipment		7,421	4,760
		$ 1,504,661	$ 1,399,610
Direct operating surplus		$ 4,949,116	$ 4,929,090
Debt charges (See Note 3)			
Interest charges on capital funds advanced by City	$29,650		
Exchange on debt charges	15,699		
Debenture debt Charges	-	45,349	36,242
Net revenue		$ 4,903,767	$ 4,892,848

Notes:

(1) This statement does not include the revenues and expenditures relating to the operations of the Village Arcade Shopping Mall which are reported separately on Table 4.

(2) Parking area expenses for both 1983 and 1982 include $2,253,349 payable to the City of Toronto in each year for use of certain City-owned lands occupied by the Authority. Also included in parking area expenses are charges for municipal taxes totalling $3,349,777 for 1983 and $2,839,152 for 1982.

(3) 1983 debenture debt charges, totalling $710,439, were fully provided for out of parking meter and other reserves of proceeds from sales of carpark properties.

Table 3

THE PARKING AUTHORITY OF TORONTO

Comparative Summary of Expenses for the years 1981, 1982 and 1983

	Year ended December 31		
	1981	1982	1983
Parking Area Expenses:			
Wages & employee benefits, (incl. supervision)	$ 4,317,318	$ 4,831,645	$ 5,156,487
Light, heat and water	609,745	597,956	693,418
Tickets	66,179	78,434	91,299
Maintenance	741,001	1,290,689	1,232,337
Taxes	2,644,548	2,839,152	3,349,777
Insurance and sundry expenses	326,433	469,287	503,110
Rent-City-owned properties	2,253,349	2,253,349	2,253,349
Rent-other properties	621,403	795,896	749,526
Equipment purchased out of current funds	82,975	107,663	204,961
Total direct operating expense	$11,662,951	$13,264,071	$14,234,264
Administration Expenses:			
Salaries and wages	$ 673,317	$ 742,360	$ 779,880
Employee benefit plans	162,507	185,649	163,009
Light, heat, water, telephone and taxes	91,052	101,933	115,622
Maintenance	14,215	13,467	15,775
Postage, stationery and office supplies	19,366	24,697	25,045
Drafting supplies, etc.	1,402	1,475	874
General expense (including special surveys)	116,411	215,448	228,888
Travelling and conference expenses	22,538	25,257	27,014
Honoraria	18,600	20,097	21,127
Legal	7,140	6,336	12,399
Advertising	47,416	5,633	27,058
Lease of equipment	33,579	52,498	80,549
Furniture and equipment	30,952	4,760	7,421
Total administration expense	$ 1,238,495	$ 1,399,610	$ 1,504,661

Table 4

THE PARKING AUTHORITY OF TORONTO

The Village Arcade Shopping Mall

Statement of Revenue and Expenditure
for the year ended December 31, 1983
(with Comparative Figures for the year 1982)

	1983	1982
Rental income revenue	$209,074	$205,470
Operating Expenses		
Light, heat and water	$ 38,025	$ 37,011
Realty taxes	60,508	57,157
Maintenance and repairs	6,821	352
Janitorial services	14,215	12,458
Sundry expenses	13,652	6,409
Management fee charged by Parking Authority against mall operations	37,920	34,500
	$171,141	$147,887
Operating surplus for the year (see footnote)	$ 37,933	$ 57,583
Balance of surplus at beginning of year	166,401	97,030
Interest earned on reserve fund held by City	14,594	11,788
Balance of surplus at end of year, as recorded in City's reserve fund accounts	$218,928	$166,401

Note: The operating surplus of $37,933 for the year 1983 is payable to the City of Toronto and is to be held by the City in a reserve fund and applied in accordance with the provisions of Section 5 of the City of Toronto Act 1972.

THE PARKING AUTHORITY OF TORONTO

Summary showing the results of the 1983 operations of the Parking Authority and the City of Toronto Parking Reserves

Parking Authority Operations	Revenue	City of Toronto Reserves: On-Street Parking — Meters	City of Toronto Reserves: On-Street Parking — Overnight Permits	City of Toronto Reserves: Payments from Developers in Lieu of providing parking spaces
$18,348,285	Parking revenue	$2,503,194	$1,533,746	$ -
-	Payments from developers	-	-	282,185
2,339,756	Sundry revenue including interest	214,150	145,494	558,293
$20,688,041		$2,717,344	$1,679,240	$ 840,478
	Expenditure			
$14,234,264	Operating expense	$ 787,532	$ 479,139	$ -
1,504,661	Administration and other expenses	32,070	-	-
45,349	Debt charges (see footnote)	699,295	-	-
$15,784,274		$1,518,897	$ 479,139	$ -
	Surplus			
$ 4,903,767	Operating surplus for the year	$1,198,447	$1,200,101	$ 840,478
18,988,564	Balance of surplus, January 1, 1983	1,236,339	1,187,049	5,313,840
(5,310,973)	Appropriated for capital expenditures	-	(998,903)	-
$18,581,358	Balance of surplus, December 31, 1983	$2,434,786	$1,388,247	$6,154,318

Note: In addition to appropriations shown above for debt charges, an amount of $11,144 was provided out of other reserve funds established to meet future years' debt charges from sales of carpark properties.

Table 5

POOR

QUALITY

ORIGINAL